

CableFAX Daily™

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What the Industry Reads First

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Primo Promo: DirecTV Scores Big with Free Sunday Ticket

Although DirecTV's Latin American is undoubtedly the bomb, its US business delivered a resonant bang in 3Q as well. Aided heavily by its free **NFL Sunday Ticket** promo for new subs, the DBS op counted 1.28mln gross subs adds and 327K net—marking an all-time record and the highest total in 7 years, respectively. Most of the gross adds came from cable, said pres/CEO *Mike White*, adding that the Tix promo “strengthened our brand [and] generated a lot of excitement in the marketplace.” Paid renewals and new customers for the package increased modestly. Viewership of Tix is also up, by 75% on linear and 40% on mobile. Yet while churn (1.62%) was the lowest in 4 years, ARPU rose and the net add tally more than doubled Wall St consensus, COO *Pat Doyle* admitted the latter metric's 3Q result reps an outlier. 4Q net adds, he said, should come in between 327K and the historically low 2Q total of 26K. And several analysts underscored how rising programming costs are compressing margins. White said that although he's pleased with the distribution deal his company reached this week with **Fox (Cfax, 11/1)**, escalating retrans/content costs remain an industry-wide scourge and DTV was forced to make compromises with Fox. DTV's “story in the U.S. isn't nearly as sexy as the one South of the Border(s),” said **Sanford Bernstein's Craig Moffett**. “But it's good enough to keep the bear case at bay for a little while longer.” DirecTV doesn't believe it will struggle in the Oct-Dec period or near-term, in part because 4Q “is perhaps the busiest quarter in our history for innovation and new product launches,” said White. Unwrapped last month was **nomad**, a device that connects to subs' wireless routers to allow viewing of recorded programming on cell phones, laptops and tablets outside the home, and last week brought in-home streaming on iPads. A new HD user interface is slated to rollout in Dec, and the DBS op's also looking forward to a new media center that will provide twice the storage capacity of current HD DVRs and allows users to record 5 shows at once. **AT&T** and DirecTV extended their pact Thurs to deliver a co-branded DTV service across the 22 states where T doesn't offer **U-verse TV**, but White said nothing new is included. The DBS op continues to mull a fixed LTE offering with **Verizon**, and as of Sept 30 counted 1.6mln connected homes. DTV shares jumped 6.17% Thurs.

Return of a Classic: As the **Time Warner Cable-Viacom** iPad live TV flap continues, the latest twist is reminiscent of a programming dispute of the past despite its connection to new technology. Time Warner Cable wants to add a counterclaim to its iPad suit, asserting that **CMT** just isn't country enough and is thus violating the content clause of the carriage agreement. The net's music programming has been almost entirely replaced with movies and TV series, the MSO complains. The CMT dispute is pending in a TX state court, but last month TWC told a federal court it believes CMT should be added to the iPad case because it relates to whether Viacom has granted it iPad distribution rights. On Wed, Viacom asked the US District Court for the Southern District of NY to reject TWC's counterclaim. TWC's late programming chief *Fred Dressler* made a similar move in '03, threatening to drop **AMC** (then American Movie Classics). This was long before “Mad Men” and “Breaking Bad,” with the MSO saying it believed AMC had breached its content



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#13 HOUSTON AT UAB 7 ET | #5 BOISE STATE AT UNLV 10:30 ET

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clause by offering more contemporary films instead of classics. The NY state Supreme Court ruled that TWC had the right to drop the net. That never happened because a couple months later a deal was worked out. Does TWC think a similar ruling for CMT is likely and could thus put pressure on Viacom over iPad rights? We don't know, but back in the day, AMC believed TWC's breach of content claim was really an attempt to gain leverage over sister nets **MSG** and **Fox Sports NY**. As for CMT, Viacom has asked the TX state court to invalidate TWC's claim. Meanwhile, there are still no Viacom apps available on TWC's iPad live TV viewing app (or **Bright House's** recently launched app). TWC and Viacom both sued each other in Apr over the rights to carry Viacom programming on the app.

In the Courts: After **MLB** and **L.A. Dodgers** owner *Frank McCourt* agreed "to a court-supervised process to sell the team and its attendant media rights" in the wee hours of Tues night, speculation flared regarding **Fox's** intention to reacquire the franchise it sold in '04, depending on the cost of the media rights. But during **News Corp's** conference call late Wed, deputy chmn *Chase Carey* said Fox isn't interested in owning the club. The TV rights, of course, are another matter. **[For more info, see pg 4]**. -- A la carte is back? Not exactly. But the US Court of Appeals for the 9th Circuit breathed some new life into in this week by withdrawing its June opinion that upheld the bundling of cable networks to consumers. The case stems from that '07 class action suit alleging antitrust violations by media companies, including **NBCU** and **Time Warner Cable**. After the court's opinion upholding a lower court finding was released in June, various organizations, including **The Parents Television Council**, filed petitions for it to reconsider. This week, the court withdrew its decision and said it would reconstitute a panel, thus making moot the petitions to rehear the case. No further info on the withdrawal was given.

Earnings: Scripps Networks Interactive was hit with a higher-than-expected increase in programming costs in 3Q (+25%) due to the number of new shows it planned to add to its schedule as well as write-offs for previously developed shows it has elected to no longer air. Overall expenses were up 14% to \$285mln for the Q. That total includes a 33% increase in marketing and promotion expenses to support the new programming initiatives. SNI's consolidated rev for the Q increased to 7.9% to \$504mln from a year ago, while ad revenue was up 8.6% to \$344mln. Net income was \$98.6mln vs \$102mln a year ago. -- **Hallmark Channel** parent **Crown Media** reported 3Q net income of \$163.2mln vs a net loss of \$900K a year ago. Revenue increased 18% for the period to \$74mln, with ad rev up 15% to \$56mln. "We are pleased to report strong scatter increases, improved ratings for the new season of our daytime programming block, robust growth of the Hallmark Movie Channel and continued success for our original movies," said Crown pres/CEO *Bill Abbott*. "We have experienced solid growth for our overall advertising sales revenues and are optimistic that the trend will continue." -- **Frontier** lost 3,100 **FIOS Internet** subs in the quarter but gained 16,200 HSD customers overall, and served approx 1.75mln customers as of Sept 30. The telco counted 2,300 net video adds on a 12,200 rise in satellite subs and a 9,900 loss of **FIOS TV** customers. As of Sept 30, Frontier served approx 557K video subs. -- Retrans hardballer **LIN TV** delivered 38% growth in digital rev, which includes retrans fees and Internet ad rev. Combined core local and national ad sales at its TV stations were flat. -- **CenturyLink** added nearly 57K HSI customers and grew by nearly 25% its customer base for **Prism TV**, which is now available in more than 1mln homes. Approx 70% of Prism subs take a triple-play bundle. -- **WWE's** live and televised ent segment reported a 6% increase in rev, including a 16.2% rise in PPV rev and 9.3% growth in rights fees. Digital rev was essentially flat. -- **HSN's** net sales rose 4%, and adjusted EBITDA increased 20%. Digital sales rose



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Entry Questions: Rachel Isaman at 301-354-1555; risaman@accessintel.com

BUSINESS & FINANCE

10% while penetration increased 190 basis points to 32.8%.

In the States: Fox TV Stations reached a deal to broadcast African-American net **Bounce TV** on **My-NetworkTV** sub channels, including stations in NY and L.A. -- **Music Choice's** interactive music video net **SWRV** has hit 30mln viewer interactions since its Feb '10 launch (63% of interactions were via Web, 37% phone). -- **Comcast** will make its 100 Mbps high-speed Internet service available to businesses in MI.

Programming: **GMC** is getting into the reality game with "Engagement Story," a reality series centered on real-life marriage proposals (debut early '12). -- **CNN** announced a new morning format that will include a conversational, 7-9am ET show anchored by *Soledad O'Brien* starting next year. *Ashleigh Banfield* and *Zoraida Sambolin* will anchor the 5-7am slot with a new show covering daily news. -- **Sportsman Channel** agreed to provide 52 hours/104 eps of original programming to **ESPN Intl** for feature in an outdoor programming block launching this month.

People: **Comcast** promoted *Peter Kiriacoulacos* to evp, procurement for **Comcast Cable** and svp, procurement for **NBCU**. -- **Time Warner Cable** named Albany area vp *John Quigley* as regional vp, ops for NYC.

CableFAX Daily Stockwatch

Company	11/03 Close	1-Day Ch	Company	11/03 Close	1-Day Ch
BROADCASTERS/DBS/MMDS					
DIRECTV:	47.63	2.77	BLNDER TONGUE:	1.34	0.10
DISH:	23.68	(0.01)	BROADCOM:	35.39	1.17
DISNEY:	35.03	0.96	CISCO:	18.18	0.33
GE:	16.67	0.42	CLEARWIRE:	1.75	(0.29)
NEWS CORP:	17.51	0.15	CONCURRENT:	3.81	0.01
MSOS					
CABLEVISION:	15.00	0.55	CONVERGYS:	11.94	0.71
CHARTER:	50.66	2.47	CSG SYSTEMS:	14.85	0.74
COMCAST:	23.32	0.30	ECHOSTAR:	26.28	0.93
COMCAST SPCL:	23.06	0.31	GOOGLE:	597.50	12.68
GCI:	9.47	0.15	HARMONIC:	5.66	0.14
KNOWLOGY:	14.71	0.55	INTEL:	24.20	0.56
LIBERTY CAPITAL:	74.10	0.89	JDSU:	12.43	(0.03)
LIBERTY GLOBAL:	42.32	2.71	LEVEL 3:	22.20	(1.05)
LIBERTY INT:	16.27	0.22	MICROSOFT:	26.53	0.52
SHAW COMM:	20.21	0.53	MOTOROLA MOBILITY:	39.05	0.03
TIME WARNER CABLE:	62.70	(0.18)	RENTRAK:	13.99	1.02
VIRGIN MEDIA:	24.66	0.19	SEACHANGE:	8.70	0.18
WASH POST:	335.70	5.91	SONY:	18.31	(0.22)
PROGRAMMING					
AMC NETWORKS:	33.45	0.69	SPRINT NEXTEL:	2.81	0.09
CBS:	24.52	(0.43)	THOMAS & BETTS:	51.96	2.15
CROWN:	1.67	0.06	TIVO:	11.06	0.20
DISCOVERY:	44.42	0.40	UNIVERSAL ELEC:	18.78	0.64
GRUPO TELEVISIA:	21.23	0.12	VONAGE:	2.77	0.13
HSN:	37.83	0.53	YAHOO:	15.48	0.38
INTERACTIVE CORP:	41.56	1.98	TELCOS		
LIBERTY STARZ:	68.28	0.03	AT&T:	29.44	0.36
LIONSGATE:	8.65	0.16	VERIZON:	37.45	0.65
LODGENET:	2.25	0.19	MARKET INDICES		
NEW FRONTIER:	1.09	UNCH	DOW:	12044.47	208.43
OUTDOOR:	7.50	0.02	NASDAQ:	2697.97	57.99
SCRIPPS INT:	41.66	(0.18)	S&P 500:	1261.15	23.25
TIME WARNER:	34.40	0.83			
VALUEVISION:	2.13	(1.14)			
VIACOM:	50.96	(0.7)			
WWE:	10.66	0.35			
TECHNOLOGY					
ADVANTAGE:	2.08	(0.02)			
ALCATEL LUCENT:	2.76	0.21			
AMDOCS:	30.60	1.00			
AMPHENOL:	48.21	0.85			
AOL:	15.42	0.40			
APPLE:	403.07	5.66			
ARRIS GROUP:	10.75	0.17			
AVID TECH:	6.33	0.20			
BIGBAND:	2.24	UNCH			

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PROGRAMMER'S PAGE with Chad Heiges and Seth Arenstein

Squeeze Play

Let the pitching for the **L.A. Dodgers** begin. **News Corp** deputy chmn *Chase Carey* feels the company will “be able to navigate Southern California reasonably well” even without buying the franchise, but make no mistake: **Fox Sports** must extend the Dodgers rights it controls through next year or face the specter of sapped relevance in the market. **FS West** and **Prime Ticket** currently double-teams SoCal with sports content from teams including the Dodgers, L.A. Lakers and **USC. Time Warner Cable**, though, dribbled in to wrest the Lakers rights away and will use them to launch 2 area RSNs. The MSO’s also part of a cable consortium slated to feature 6 RSNs as part of **Pac-12 Nets**, which means Fox can kiss goodbye to USC and **UCLA**, too. That leaves properties including the **L.A. Clippers, Angels and Kings**, but will the group be able to carry 2 nets or even come close to garnering the same carriage fees? Very doubtful. Enter the proposed bidding process for the Dodgers. The Lakers are the top draw in L.A., hands down, but the Dodgers may be 2nd given the team’s extensive history. Sure, Carey often laments, as everyone else does, the soaring costs of sports programming, so perhaps he’s fine with letting the men in blue slip away, too. At the very least, there’ll be exhaustive financial analysis of the potential lost rev from the departing properties and potential shuttering of 1 net vis a vis the costs associated with the Dodgers rights. TWC remains the wild card. The MSO could go after the Dodgers rights to further establish its foothold in the L.A. sports scene, thus gaining additional brand equity and serious leverage in carriage negotiations with Fox. *CH*

Highlights: “Hell on Wheels,” pilot, Sun, 10, **AMC**. Face it, Americans are starved for a good, ol’ fashioned western. AMC has gotten close, filming in Canada, showing us how, with Civil War wounds still fresh, the country muddled through the post-war period. Besides *Colm Meaney’s* strong turn as a nasty railroad baron, “Hell’s” most hellacious is “The Swede,” played with appropriate creepiness by *Christopher Heyerdahl*, who appears in ep 2. *SA*

Worth a Look: “Born Dealers,” premiere, Sat, 10p, **Planet Green**. Our protagonists are a modern-day “Sanford and Son,” a likeable father-son team that makes money buying low and selling high items most would consider junk. They appear to be simple junk men, but soon you realize they’re truly sultans of swap, hunting vintage Coke machines, signs or huge Tiffany lobsters. -- “Roll Tide/War Eagle,” Tues, 8p ET, **ESPN**. At the outset of this doc, someone says if you’ve not from Alabama you can’t understand the gridiron rivalry between the U of AL and Auburn. Perhaps, but after watching this colorful doc, which fuses old football stories with youngster *Cam Newton*, toilet-papered trees and natural disasters, even non-Alabamians can smell the bad blood. -- “Coast Guard Alaska,” premiere, Wed, 9p ET, **Weather**. An idea: add weather conditions to this interesting series about Coast Guard rescue swimmers and pilots. *SA*

Basic Cable Rankings (9/26/11-10/30/11)			
Mon-Sun Prime			
1	ESPN	2.3	2287
2	USA	2.2	2140
3	TBSC	2.1	2119
4	DSNY	1.9	1906
5	FOXN	1.5	1496
6	HIST	1.2	1193
6	FX	1.2	1191
8	A&E	1.1	1057
9	TNT	1	998
9	ADSM	1	964
9	SYFY	1	937
12	NAN	0.9	933
12	MTV	0.9	914
12	LIFE	0.9	904
12	FOOD	0.9	892
12	HGTV	0.9	861
12	AMC	0.9	855
12	DSE	0.9	63
19	TLC	0.8	824
19	FAM	0.8	799
19	CMDY	0.8	785
19	DISC	0.8	769
19	TRU	0.8	708
19	NKJR	0.8	586
25	BRAV	0.7	704
25	BET	0.7	596
27	EN	0.6	597
27	SPK	0.6	594
27	MSNB	0.6	570
27	HALL	0.6	552
27	TVLD	0.6	534
32	CNN	0.5	511
32	ESP2	0.5	479
32	LMN	0.5	439
32	ID	0.5	411
36	VH1	0.4	414
36	APL	0.4	390
36	HLN	0.4	363
36	NGC	0.4	335
36	OXYG	0.4	308
41	TRAV	0.3	315
41	DXD	0.3	267
41	GSN	0.3	233
41	CMT	0.3	229
41	OWN	0.3	198
41	NKTN	0.3	198

*Nielsen data supplied by ABC/Disney

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